

COMMUNITY SERVICE PROGRAMS, INC.

04348

Single Audit Report on Expenditures of Federal,
Selected State and Other Awards

Year ended June 30, 2008

COMMUNITY SERVICE PROGRAMS, INC.

Single Audit Report on Expenditures of Federal, Selected State and Other Awards

Year ended June 30, 2008

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Board of Directors
Community Service Programs, Inc.
Santa Ana, California

**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

We have audited the financial statements of Community Service Programs, Inc. (a nonprofit organization) as of and for the year ended June 30, 2008, and have issued our report thereon dated November 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Service Programs Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Community Service Programs Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Service Programs Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Community Service Programs Inc.'s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects Community Service Programs Inc.'s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Community Service Programs Inc.'s financial statements that is more than inconsequential will not be prevented or detected by Community Service Programs Inc.'s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material misstatement of the financial statements will not be prevented or detected by Community Service Programs Inc.'s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, federal, selected state and other awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Maya Hoffman McCann P.C.

Irvine, California
November 25, 2008



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Board of Directors
Community Service Programs, Inc.
Santa Ana, California

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM, INTERNAL CONTROL OVER COMPLIANCE AND ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL, SELECTED STATE AND OTHER AWARDS
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Compliance

We have audited the compliance of Community Service Programs, Inc. (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Community Service Programs Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Community Service Programs Inc.'s management. Our responsibility is to express an opinion on Community Service Programs Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Service Programs Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Community Service Programs Inc.'s compliance with those requirements.

In our opinion, Community Service Programs, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Community Service Programs, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Community Service Programs Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion of the effectiveness of internal control over compliance.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects Community Service Program Inc.'s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Community Service Programs Inc.'s financial statements that is more than inconsequential will not be prevented or detected by the Community Service Programs Inc.'s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material misstatement of the financial statements will not be prevented or detected by the Community Service Programs Inc.'s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal, Selected State and Other Awards

We have audited the financial statements of Community Service Programs, Inc. as of and for the year ended June 30, 2008, and have issued our report thereon dated November 25, 2008. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal, selected state and other awards and schedules 1 through 4 are presented for purposes of additional analysis as required by OMB Circular A-133 and the State of California, Office of Emergency Services and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors, management, federal, selected state and other awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

Irvine, California
November 25, 2008

COMMUNITY SERVICE PROGRAMS, INC.

Schedule of Expenditures of Federal, Selected State and Other Awards

Year ended June 30, 2008

	<u>CFDA Number</u>	<u>Agreement Number</u>	<u>Awards Expenditures</u>
<u>FEDERAL</u>			
U.S. Department of Health and Human Services			
Direct Assistance:			
Runaway and Homeless Youth Program	93.623	-	\$ 99,450
Runaway and Homeless Youth Program	93.623	-	45,170
Runaway and Homeless Youth Program	93.623	-	1,680
Runaway and Homeless Youth Program	93.623	-	<u>100,000</u>
Subtotal			<u>246,300</u>
Passed through the County of Orange, Preventive Health and Health Services Block Grant:			
Faith Based Project	93.991	N/A	92,450
Community Alcohol, Tobacco, and Other Drug Prevention Project Services - North Region	93.991	N/A	386,907
Community Alcohol, Tobacco, and Other Drug Prevention Project Services - Central Region	93.991	N/A	<u>385,283</u>
Subtotal			<u>864,640</u> (2)
Passed through the State of California, Office of Emergency Services, Preventive Health and Health Services Block Grant:			
Sexual Assault Victim Services - South County	93.991	RC07131039	81,327
Match (In-Kind)	93.991	RC07131039	20,336
Sexual Assault Victim Services - North County	93.991	RC07271039	119,872
Match (In-Kind)	93.991	RC07271039	<u>29,968</u>
Subtotal			<u>251,503</u> (1)
Passed through the State of California, the County of Orange Social Services, Orange County Community Development, Inc., Capistrano Unified School District and Child Abuse Prevention Council for Promoting Safe and Stable Families:			
Prevent Child Abuse	93.556	N/A	<u>61,004</u>
Passed through the County of Orange:			
Temporary Assistance for Needy Families	93.558	N/A	<u>41,640</u>
Passed through the Bilateral Safety Corridor Coalition:			
Services to Victims of Human Trafficking	93.598	N/A	176,369
Total U.S. Department of Health and Human Services			<u>1,641,456</u>

(Continued)

(1) Major program tested to level required by the Office of Emergency Services.

(2) Major program

COMMUNITY SERVICE PROGRAMS, INC.

Schedule of Expenditures of Federal, Selected State and Other Awards

(Continued)

	<u>CFDA Number</u>	<u>Agreement Number</u>	<u>Awards Expenditures</u>
U.S. Department of Justice			
Passed through the State of California, Office of Criminal Justice Planning, Crime Victim Assistance:			
Victim/Witness Assistance Program	16.575	VW07260300	529,538
Sexual Assault Services Program - North County	16.575	RC07271039	59,936
Match (In-Kind)	16.575	RC07271039	14,984
Gang Victim Services Program	16.575	SE07170300	110,000
Match (In-Kind)	16.575	SE07170300	27,500
Gang Victim Services Program	16.575	SV06071039	39,425
Match (In-Kind)	16.575	SV06071039	18,553
Gang Victim Services Program	16.575	SV07081039	80,721
Match (In-Kind)	16.575	SV07081039	18,144
Sexual Assault Victim Services - South County	16.575	RC07131039	40,667
Match (In-Kind)	16.575	RC07131039	10,169
Comprehensive Treatment Services to Child Victims of Abuse	16.575	N/A	64,910
Passed through the State of California, Department of Health Services:			
Rape Prevention and Education - North	16.575	N/A	43,911
Rape Prevention and Education - South	16.575	N/A	87,912
Subtotal			<u>1,146,370</u> (1)
Passed through the City of Huntington Beach, and the Children's Bureau, Violence Against Women Formula Grants:			
Oakview Gang Prevention	16.588	N/A	4,775
Domestic Violence Victims Services	16.588	N/A	71,058
Subtotal			<u>75,833</u>
Passed through the City of Santa Ana, Public Safety Partnership and Community Policing:			
Community Policy to Combat Domestic Violence	16.710	N/A	60,241
Total U.S. Department of Justice			<u>1,282,444</u>

(Continued)

(1) Major program tested to level required by the Office of Emergency Services.

COMMUNITY SERVICE PROGRAMS, INC.

Schedule of Expenditures of Federal, Selected State and Other Awards

(Continued)

	<u>CFDA Number</u>	<u>Agreement Number</u>	<u>Awards Expenditures</u>
U.S. Department of Housing and Urban Development			
Passed through the City of Mission Viejo: Community Development Block Grant	14.218	N/A	2,409
Passed through the City of San Clemente: Community Development Block Grant	14.218	N/A	7,500
Passed through the City of Santa Ana: Community Development Block Grant	14.218	N/A	12,000
Passed through the City of Fountain Valley: Community Development Block Grant	14.218	N/A	7,414
Passed through the City of Huntington Beach: Community Development Block Grant	14.218	N/A	<u>22,275</u>
Total U.S. Department of Housing and Urban Development			<u>51,598</u>
Total Federal Awards			<u>2,975,498</u>

SELECTED STATE

Passed through the State of California, County of Orange Social Services Agency, Orange County Community Development, Inc., Capistrano Unified School District, and Child Abuse Prevention Council for Promoting Safe and Stable Families: Prevent Child Abuse	N/A	N/A	<u>20,335</u>
Passed through the State of California, Office of Emergency Services and County of Orange: Victim Witness Assistance Program	N/A	VW06250300	499,419
Sexual Assault Victim Services/Prevention Program	N/A	RC07271039	65,696
Sexual Assault Victim Services/Prevention Program	N/A	RC07131039	<u>44,571</u>
Subtotal			<u>609,686</u> (1)
Total Selected State Awards			<u>630,021</u>

(Continued)

(1) Major program tested to level required by the Office of Emergency Services.

COMMUNITY SERVICE PROGRAMS, INC.

Schedule of Expenditures of Federal, Selected State and Other Awards

(Continued)

	<u>CFDA Number</u>	<u>Agreement Number</u>	<u>Awards Expenditures</u>
<u>OTHER</u>			
County of Orange			
Dispute Resolution Program	N/A	N/A	159,861
Families First	N/A	N/A	552,384
Comprehensive Treatment Services to Child of Abuse	N/A	N/A	<u>15,921</u>
Total Other Awards			<u>728,166</u>
Total Federal, Selected State, and Other Awards			<u>\$ 4,333,685</u>

COMMUNITY SERVICE PROGRAMS, INC.

Notes to the Schedule of Expenditures of Federal, Selected State and Other Awards

Year ended June 30, 2008

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

(a) Scope of Presentation

The accompanying schedule presents only the expenditures incurred (and the related match) by the Community Service Programs, Inc. (Agency) that are reimbursable under federal programs of federal, selected state and other financial assistance. For purposes of this schedule, federal awards include both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the Agency from non-federal organizations. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

(b) Basis of Accounting

The expenditures included in the accompanying schedule were reported on the accrual basis of accounting. Expenditures reported include any property or equipment acquisitions incurred under the Federal program.

(c) Subrecipients

During the fiscal year ended June 30, 2008, the Agency disbursed \$154,302 of its federal funds to subrecipients for HHS Temporary Assistance of Needy Families, CFDA #93.558 and DOJ – Victims of Abuse, CFDA #16.575 for purposes provided in the grant agreement.

COMMUNITY SERVICE PROGRAMS, INC.**Victim/Witness Assistance Program
Funded by the Office of Emergency Services****Statement of Costs Claimed and Accepted**

Year ended June 30, 2008

	<u>Costs per Claim (1)</u>	<u>Costs Accepted</u>	<u>Costs Questioned</u>
<u>VW07260300</u>			
<u>July 1, 2007 through June 30, 2008</u>			
Personal services	\$ 735,329	735,329	-
Operating expenses	<u>293,628</u>	<u>293,628</u>	<u>-</u>
Total	<u>\$ 1,028,957</u>	<u>1,028,957</u>	<u>-</u>

(1) Per Final June Billing 07

COMMUNITY SERVICE PROGRAMS, INC.**Victim/Witness Assistance Program
Funded by the Office of Emergency Services****Statement of Costs Claimed and Accepted**

Year ended June 30, 2008

	<u>Costs per Claim (1)</u>	<u>Less Costs Audited 6/30/2007</u>	<u>Costs Accepted</u>	<u>Costs Questioned</u>
<u>SV06071039</u>				
<u>October 1, 2006 through September 30, 2007</u>				
Personal services	\$ 113,293	74,620	38,673	-
Personal services (match in-kind)	38,380	19,827	18,553	-
Operating expenses	<u>5,539</u>	<u>4,787</u>	<u>752</u>	<u>-</u>
Total	<u>\$ 157,212</u>	<u>99,234</u>	<u>57,978</u>	<u>-</u>

(1) Per June Billing 08

	<u>Costs per Claim (2)</u>	<u>Costs Accepted</u>	<u>Costs Questioned</u>
<u>SE07170300</u>			
<u>July 1, 2007 through June 30, 2008</u>			
Personal services	\$ 101,004	101,004	-
Personal services (match in-kind)	27,500	27,500	-
Operating expenses	<u>8,996</u>	<u>8,996</u>	<u>-</u>
Total	<u>\$ 137,500</u>	<u>137,500</u>	<u>-</u>

(2) Per Final June Billing 08

COMMUNITY SERVICE PROGRAMS, INC.

Gang Victim Services Program
Funded by the Office of Emergency Services

Statement of Costs Claimed and Accepted

Year ended June 30, 2008

	<u>Costs per</u> <u>Claim (1)</u>	<u>Costs</u> <u>Accepted</u>	<u>Costs</u> <u>Questioned</u>
<u>SV07081039</u>			
<u>October 1, 2007 through September 30, 2008</u>			
Personal services	\$ 77,825	77,825	-
Personal services (match in-kind)	18,144	18,144	-
Operating expenses	<u>2,896</u>	<u>2,896</u>	<u>-</u>
 Total	 <u>\$ 98,865</u>	 <u>98,865</u>	 <u>-</u>

(1) Per Final June Billing 08

COMMUNITY SERVICE PROGRAMS, INC.**Sexual Assault Victim Services/Prevention Program
Funded by the Office of Emergency Services****Statement of Costs Claimed and Accepted**

Year ended June 30, 2008

	<u>Costs per Claim (1)</u>	<u>Costs Accepted</u>	<u>Costs Questioned</u>
<u>RC07271039</u>			
<u>July 1, 2007 through June 30, 2008</u>			
Personal services	\$ 207,207	207,207	-
Personal services (match in-kind)	44,957	44,957	-
Operating expenses	<u>38,292</u>	<u>38,292</u>	<u>-</u>
Total	<u>\$ 290,456</u>	<u>290,456</u>	<u>-</u>

(1) Per Final June Billing 08

	<u>Costs per Claim (2)</u>	<u>Costs Accepted</u>	<u>Costs Questioned</u>
<u>RC07131039</u>			
<u>July 1, 2007 through June 30, 2008</u>			
Personal services	\$ 142,720	142,720	-
Personal services (match in-kind)	30,501	30,501	-
Operating expenses	<u>23,849</u>	<u>23,849</u>	<u>-</u>
Total	<u>\$ 197,070</u>	<u>197,070</u>	<u>-</u>

(2) Per Final June Billing 08

COMMUNITY SERVICE PROGRAMS, INC.

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

(A) Summary of Auditors' Results

1. An unqualified report was issued by the auditors' on the financial statements of the auditee.
2. There were no material weaknesses in internal control nor were there any reportable conditions based upon our audit of the financial statements.
3. The audit disclosed no noncompliance which is material to the financial statements of the auditee.
4. There were no material weaknesses or other reportable conditions in internal control over major programs of the auditee.
5. An unqualified report was issued by the auditors' on compliance for major programs.
6. The audit disclosed no audit findings required by the auditors' to be reported under paragraph .510(a) of OMB Circular A-133.
7. The major programs of the auditee were CFDA #16.575 U.S. Department of Justice passed through the State of California, Office of Emergency Services for the Crime Victim Assistance Programs and CFDA #93.991 U.S. Department of Health and Human Services passed through the State of California, Office of Emergency Services for the Preventive Health and Health Services Block Grant.
8. The dollar threshold used to distinguish Type A and Type B programs was \$300,000.
9. The auditee was considered as a low risk auditee for the year ended June 30, 2008 for the purpose of major program determination.

(B) Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS

There are no auditors' findings required to be reported in accordance with GAGAS for fiscal year ended June 30, 2008.

(C) Findings and Questioned Costs for Federal Awards as Defined in Paragraph .510(a) at OMB Circular A-133

There are no auditors' findings to be reported in accordance with paragraph .510(a) at OMB Circular A-133 and no costs questioned as of June 30, 2008.

COMMUNITY SERVICE PROGRAMS, INC.

Summary Schedule of Prior Audit Findings

Year ended June 30, 2008

There were no prior audit findings from the previous audit reports requiring follow-up during the year ended June 30, 2008.

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COMMUNITY SERVICE PROGRAMS, INC.

Financial Statements

Years Ended June 30, 2008

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INDEPENDENT AUDITORS' REPORT

Board of Directors

Community Service Programs, Inc.

Santa Ana, California

We have audited the accompanying statements of financial position of Community Service Programs, Inc. (a nonprofit organization) as of June 30, 2008, and the related statement of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the management of Community Service Programs, Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Service Programs, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Community Service Programs, Inc. The supplemental statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such statements have been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, are fairly stated, in all material respects in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2008, on our consideration of Community Service Programs, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mayer Hoffman McCann P.C.

Irvine, California

November 25, 2008

FINANCIAL STATEMENTS

COMMUNITY SERVICE PROGRAMS, INC.

Statements of Financial Position

June 30, 2008

Assets

Current assets:

Cash and investments (note 2) \$ 2,126,192

Receivables:

Federal/state grants 1,503,479

Other 99,601

Prepaid expenses 40,074

Total current assets 3,769,346

Property, plant, and equipment,
net of accumulated depreciation (note 3) 288,229

Deposits 42,877

Total noncurrent assets 331,106

Total assets \$ 4,100,452

Liabilities and Net Assets

Current liabilities:

Accounts payable \$ 345,038

Accrued expenses 620,550

Advances from funding source 325,127

Total current liabilities 1,290,715

Net assets (note 7):

Unrestricted 2,233,677

Temporarily restricted 407,773

Permanently restricted 168,287

Total net assets 2,809,737

Total liabilities and net assets \$ 4,100,452

See accompanying notes to the financial statements.

COMMUNITY SERVICE PROGRAMS, INC.

Statements of Activities

(Continued)

Unrestricted Net Assets

Expenses:

Program services:

Victim/Witness Assistance	4,661,187
Youth and Community/Wraparound	3,574,288
Youth Shelter	1,497,249
Gang Prevention	118,808
Outpatient	498,566
Dispute Resolution	157,950
ATSC	360,177
Total program services	<u>10,868,225</u>

Supporting services:

Management and general	1,093,883
Fundraising and development	4,982
Total supporting services	<u>1,098,865</u>

Total expenses	<u>11,967,090</u>
Increase (decrease) in unrestricted net assets	<u>668,755</u>

Temporarily Restricted Net Assets

Support and revenues:

Contributions:

Foundation	4,688
Other	52,494
Total contributions	<u>57,182</u>

Net assets released from restrictions (note 6)	<u>(9,230)</u>
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Increase (decrease) in temporarily restricted net assets	<u>47,952</u>
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Permanently Restricted Net Assets

Support, revenues and gains:

Investment income (loss) (note 2)	<u>(15,559)</u>
Total revenues	<u>(15,559)</u>

Increase (decrease) in permanently restricted net assets	<u>(15,559)</u>
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Increase (decrease) in net assets	701,148
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Net assets at beginning of year, as restated (note 8)	<u>2,108,589</u>
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Net assets at end of year	<u>\$ 2,809,737</u>
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See accompanying notes to the financial statements.

Supporting Services					
ATSC	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	Total
205,562	7,028,498	748,966	4,083	753,049	7,781,547
17,571	600,263	57,545	339	57,884	658,147
16,447	1,028,351	118,870	340	119,210	1,147,561
239,580	8,657,112	925,381	4,762	930,143	9,587,255
16,249	162,670	9,175	-	9,175	171,845
17,695	246,336	869	74	943	247,279
27,192	295,606	101,967	-	101,967	397,573
22,779	174,188	3,332	-	3,332	177,520
895	133,877	226	72	298	134,175
5,787	53,896	-	-	-	53,896
4,831	86,469	445	-	445	86,914
252	52,948	105	-	105	53,053
-	33,596	-	29	29	33,625
514	324,149	14,847	45	14,892	339,041
8,372	465,087	29,955	-	29,955	495,042
-	163,145	-	-	-	163,145
344,146	10,849,079	1,086,302	4,982	1,091,284	11,940,363
16,031	19,146	7,581	-	7,581	26,727
<u>360,177</u>	<u>10,868,225</u>	<u>1,093,883</u>	<u>4,982</u>	<u>1,098,865</u>	<u>11,967,090</u>

COMMUNITY SERVICE PROGRAMS, INC.

Notes to the Financial Statements

Year Ended June 30, 2008

(1) Summary of Significant Accounting Policies

(a) Organization and Nature of Services

Community Service Programs, Inc. (the Agency) is a nonprofit human services organization managing assistance programs in the County of Orange, California in the areas of victim/witness assistance, youth services, Wraparound, youth shelter, gang prevention, outpatient, dispute resolution services. The Agency was originally incorporated on September 14, 1977 and is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Agency operates the following programs identified below.

Assessment and Treatment Services Center, ("ATSC") is a nonprofit organization that provides individual, family, and group counseling within Orange County. ATSC is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. As required by Statement of Position 94-3, *Reporting of Related Entities by Not-for-Profit Organizations*, ATSC has met the criteria for consolidation with Community Service Programs, Inc. and has been presented as a program of the Agency.

Victim/Witness Assistance Programs

Provides crisis intervention, assistance in obtaining needed resources, and support counseling to victims of crime and their family members in order to mitigate the trauma and devastating effects of crime. Working in collaboration with the criminal justice system, the staff and volunteers provide support which encourages cooperation in the investigation of the case and the prosecution of the offender. Prevention education and self-defense programs are provided throughout the community to reduce the incidence of crime.

Youth and Community/Wraparound Programs

Youth and community provides a wide range of prevention and intervention services for high-risk youth through police departments, schools, probation, and community collaboratives such as family counseling, parent education and youth enrichment. Also, Project PATH provides alcohol, tobacco and drug prevention services through community mobilization and environmental strategies.

Wraparound programs provide to youth with complex needs and their families with 24/7 full-service services including evaluation, counseling, coaching, and various forms of assistance to help them achieve self-sufficiency within their community and improve the quality of their life.

COMMUNITY SERVICE PROGRAMS, INC.

Notes to the Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(a) Organization and Nature of Services, (Continued)

Assessment and Treatment Services Center (ATSC)

ATSC provides individual, family, and group counseling within Orange County.

(b) Basis of Presentation

The accompanying financial statements include the assets, liabilities, net assets and financial activities of all the programs of the Agency. The financial statements are presented on an accrual basis of accounting. The Agency accounts for property and equipment purchased with grant monies in accordance with grant provisions which require that such expenditures be accounted for as current period charges. The accompanying financial statements have been prepared on the accrual basis of accounting and, therefore, differ in certain respects from the Agency's accounting records.

(c) Government Grants and City Revenue

The Agency receives a substantial portion of its operating funds from federal and California state grants which are awarded on an annual basis. These funds are deemed to be earned as reimbursable expenses are incurred. Revenues from City governments are received for juvenile diversion, gang prevention and care programs and are recognized when received.

(d) Program Service Expenses

Program service expenses represent direct costs incurred by the Agency to provide services under the respective assistance programs which are generally reimbursable under the related grant agreements.

(e) Donated Services and Materials

Donated materials and other noncash contributions are reflected in the accompanying statements at their estimated fair market value at the date of receipt. Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Other volunteer services that do not meet these criteria are not recognized in the financial statements as there is no objective basis of deriving their value.

The Agency received donated services from a substantial number of volunteers who donated their time to the Agency's program and fundraising activities. None of the volunteer services provided to the Agency in these reporting periods met the criteria for recognition.

COMMUNITY SERVICE PROGRAMS, INC.

Notes to the Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(j) Restricted and Unrestricted Revenue and Support

The Agency follows Statement of Financing Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made* as recommended by the Financial Accounting Standards Board. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period which the support is recognized. All other support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the "Statement of Activities" as net assets released from restrictions. The Agency has not received any permanently restricted support at this time.

(k) Financial Statement Presentation

The Agency also follows the financial statement presentation recommended by the Financial Accounting Standards Board in its SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets; temporarily restricted net assets; and permanently restricted net assets.

(l) Functional Allocation of Expenses

The costs of providing the various programs and support services have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

COMMUNITY SERVICE PROGRAMS, INC.

Notes to the Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Investment income (loss) is comprised of the following for the year ended June 30, 2008:

Interest, dividends, and realized gains	\$37,398
Unrealized gain (loss) on investments	<u>(15,559)</u>
Total investment income	<u>\$21,839</u>

(3) Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation expense for the years ended June 30, 2008 amounted to \$26,727. Property, plant and equipment consist of the following at June 30:

Land	\$209,000
Building	322,194
Building improvements	112,559
Equipment	<u>262,536</u>
Total	906,289
Less accumulated depreciation	<u>(618,060)</u>
Total, net of accumulated depreciation	<u>\$288,229</u>

COMMUNITY SERVICE PROGRAMS, INC.

Notes to the Financial Statements

(Continued)

(6) Net Assets Released from Restriction

The following net assets that were released from restriction for the year ended June 30, 2008 are:

Satisfaction of program restrictions:	
Gang Victim Program	\$6,493
Sexual Assault Program	<u>2,737</u>
Total satisfaction of program restrictions	<u>9,230</u>
 Total net assets released from restriction	 <u>\$9,230</u>

(7) Net Assets

Unrestricted net assets:	
Net investment in property, plant and equipment	\$ 288,229
Court directed Victim Assistance programs	931,228
Undesignated - available for programs	<u>1,014,220</u>
Total unrestricted net assets	<u>2,233,677</u>
 Temporarily restricted net assets:	
Transitional Living	181,610
Shelter Building Fund	65,668
Shelter Endowment	132,296
Domestic Violence Program	1,554
Sexual Assault Program	1,727
Gang victim program	<u>24,918</u>
Total temporarily restricted net assets	<u>407,773</u>
 Permanently restricted net assets:	
Endowment fund	<u>168,287</u>
Total permanently restricted net assets	<u>168,287</u>
 Total net assets	 <u>\$2,809,737</u>

SUPPLEMENTAL STATEMENTS

COMMUNITY SERVICE PROGRAMS, INC.

Combining Statement of Financial Position

June 30, 2008

<u>Assets</u>	<u>Primary CSP Programs</u>	<u>Court Directed Victim Assistance</u>	<u>ATSC</u>	<u>Eliminations</u>	<u>Total</u>
Current assets:					
Cash and investments	\$ 1,409,174	498,260	218,758	-	2,126,192
Receivables:					
Federal/state grants	1,503,479	-	-	-	1,503,479
Other	99,601	-	-	-	99,601
Due from other funds	35,497	442,476	-	(477,973)	-
Prepaid expenses	37,368	-	2,706	-	40,074
Total current assets	<u>3,085,119</u>	<u>940,736</u>	<u>221,464</u>	<u>(477,973)</u>	<u>3,769,346</u>
Property, plant, and equipment, net accumulatd depreciation	255,908	-	32,321	-	288,229
Deposits	40,907	-	1,970	-	42,877
Total noncurrent assets	<u>296,815</u>	<u>-</u>	<u>34,291</u>	<u>-</u>	<u>331,106</u>
Total assets	<u>\$ 3,381,934</u>	<u>940,736</u>	<u>255,755</u>	<u>(477,973)</u>	<u>4,100,452</u>
<u>Liabilities and Net Assets</u>					
Current liabilities:					
Accounts payable	\$ 294,840	9,508	40,690	-	345,038
Accrued expenses	620,550	-	-	-	620,550
Due to other funds	442,476	-	35,497	(477,973)	-
Advances from funding source	325,127	-	-	-	325,127
Total current liabilities	<u>1,682,993</u>	<u>9,508</u>	<u>76,187</u>	<u>(477,973)</u>	<u>1,290,715</u>
Net assets:					
Unrestricted	1,291,168	931,228	11,281	-	2,233,677
Temporarily restricted	407,773	-	-	-	407,773
Permanently restricted	-	-	168,287	-	168,287
Total net assets	<u>1,698,941</u>	<u>931,228</u>	<u>179,568</u>	<u>-</u>	<u>2,809,737</u>
Total liabilities and net assets	<u>\$ 3,381,934</u>	<u>940,736</u>	<u>255,755</u>	<u>(477,973)</u>	<u>4,100,452</u>

COMMUNITY SERVICE PROGRAMS, INC.

Combining Statement of Activities

(Continued)

<u>Unrestricted Net Assets</u>	<u>Primary CSP Programs</u>	<u>Court Directed Victim Assistance</u>	<u>ATSC</u>	<u>Eliminations</u>	<u>Total</u>
Expenses:					
Program services:					
Victim/Witness Assistance	4,246,923	414,264	-	-	4,661,187
Youth and Community	3,574,288	-	-	-	3,574,288
Youth Shelter	1,497,249	-	-	-	1,497,249
Gang Prevention	118,808	-	-	-	118,808
Day Treatment	498,566	-	-	-	498,566
Dispute Resolution	157,950	-	-	-	157,950
ATSC	-	-	360,177	-	360,177
Total program services	<u>10,093,784</u>	<u>414,264</u>	<u>360,177</u>	<u>-</u>	<u>10,868,225</u>
Supporting services:					
Management and general	1,093,883	-	-	-	1,093,883
Fundraising and development	4,982	-	-	-	4,982
Total supporting services	<u>1,098,865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,098,865</u>
Total expenses	<u>11,192,649</u>	<u>414,264</u>	<u>360,177</u>	<u>-</u>	<u>11,967,090</u>
Increase (decrease) in unrestricted net assets	<u>263,260</u>	<u>428,851</u>	<u>(23,356)</u>	<u>-</u>	<u>668,755</u>
<u>Temporarily Restricted Net Assets</u>					
Support and revenues:					
Contributions:					
Foundation	4,688	-	-	-	4,688
Other	52,494	-	-	-	52,494
Total contributions	<u>57,182</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,182</u>
Net assets released from restrictions	<u>(9,230)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,230)</u>
Increase (decrease) in temporarily restricted net assets	<u>47,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,952</u>
<u>Permanently Restricted Net Assets</u>					
Support, revenues and gains:					
Investment income	-	-	(15,559)	-	(15,559)
Increase (decrease) in net assets	311,212	428,851	(38,915)	-	701,148
Net assets at beginning of year, as restated	<u>1,387,729</u>	<u>502,377</u>	<u>218,483</u>	<u>-</u>	<u>2,108,589</u>
Net assets at end of year	<u>\$ 1,698,941</u>	<u>931,228</u>	<u>179,568</u>	<u>-</u>	<u>2,809,737</u>

